

PT 00-25

Tax Type: Property Tax
Issue: Charitable Ownership/Use
Educational Ownership/Use

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
OFFICE OF ADMINISTRATIVE HEARINGS
CHICAGO, ILLINOIS

ARCHEWORKS,
APPLICANT

v.

DEPARTMENT OF REVENUE
STATE OF ILLINOIS

No: 98-PT-0082
(97-16-0476)

P.I.N: 17-09-500-023

Alan I. Marcus,
Administrative Law Judge

RECOMMENDATION FOR DISPOSITION

APPEARANCES: Mr. Thomas J. McNulty and Ms. Angela E. Dietz of Neal, Gerber & Eisenberg on behalf of Archeworks (hereinafter the "applicant").

SYNOPSIS: These proceedings raise the following issues: (1) does applicant qualify as an "institution of public charity" within the meaning of Section 15-65 of the Property Tax Code, 35 ILCS 200/1-1 *et seq.* (hereinafter the "Code"); (2) was real estate located on a division of Cook County Parcel Index Number 17-09-500-023 (hereinafter the "subject property") "actually and exclusively used for charitable or beneficent purposes," during the 1997 assessment year, as required by Section 15-65 of the Code; (3) if said property was not so, does applicant qualify as a "school" within the meaning of 35 ILCS 200/15-35; and, (4) if applicant does not so qualify, does the subject parcel otherwise qualify for exemption under 35 ILCS 200/15-35.

The controversy arises as follows:

Applicant filed a Real Estate Exemption Complaint with the Cook County Board of (Tax) Appeals (hereinafter the "Board") on January 2, 1998. (Dept. Group. Ex. No. 1). The Board reviewed applicant's complaint and thereafter recommended that the requested exemption be denied. (Dept. Gr. Ex. No. 2).

On May 7, 1998, the Department issued a determination finding that that the subject property was neither in exempt ownership nor in exempt use. (Dept. Ex. No. 2). Applicant subsequently filed a timely request as this denial (Dept. Ex. No. 4) and thereafter presented evidence at a formal administrative hearing. Following submission of all evidence and a careful review of the record, I recommend that the Department's denial be affirmed.

FINDINGS OF FACT:

A. Preliminary Considerations

1. The Department's jurisdiction over this matter and its position therein, namely that the subject property was neither in exempt ownership nor in exempt use throughout the 1997 assessment year, is established by the admission into evidence of Dept. Ex. No. 4.
2. The subject property is located at 625 N. Kingsbury, Chicago, IL and improved with a one story building. Dept. Group Ex. No. 2; Applicant Ex. Nos. 3, 4; Tr. pp. 13-17.
3. Applicant acquired ownership of the subject property by means of a special warranty deed dated March 21, 1997. Applicant Ex. No. 6.

B. Applicant's Corporate and Fiscal Structures

4. Applicant was incorporated under the General Not For Profit Corporation Act on July 16, 1993. Its corporate purposes are, per its Articles of Incorporation and by-laws, as follows:

to operate exclusively for charitable and educational purposes (but not including the operation of a full secondary educational institution or a vocational school) within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 ...; to solicit, make applications for, raise and apply grants, contributions and other donations of money, real property and other property for the above purposes; and to accept donations of money, real property or other property for the above purposes.

Applicant Ex. No. 8, 9.

5. Neither applicant's Articles of Incorporation nor its by-laws contain any provision authorizing applicant to waive or reduce initiation fees or membership dues in cases of financial need. *Id.*
6. The Internal Revenue Service issued applicant an exemption from federal income tax in March of 1994. The Service issued this exemption pursuant to Section 501(C)(3) of the Internal Revenue Code and based same on its conclusion that applicant qualified as an organization described in Sections 509(a)(1) and 170(b)(A)(ii) thereof. Applicant Ex. No. 8.
7. The Department issued applicant an exemption from payment of Illinois Use and related sales taxes on February 10, 1995. The Department based this exemption on its conclusion that applicant is "organized and operated exclusively for educational purposes," within the meaning of Section 3-5(4) of the Use Tax Act, 35 **ILCS** 105/1 *et seq.* *Id.*

8. Applicant has no capital stock or shareholders. Its fiscal year begins August 1 of each calendar year and ends the ensuing July 31. Applicant Ex. No. 1; Tr. p. 24.
9. Applicant obtained income from the following sources during the fiscal year ended July 31, 1997 and July 31, 1998:

Source	Amount ¹	% of Total ²
Contributions ³	\$ 316,875.00	47%
Grants	\$ 119,300.00	18%
Fundraising	\$ 117,393.00	17%
Tuition & Fees	\$ 32,641.00	5%
Reimbursed Expenses & Miscellaneous	\$ 14,768.00	2%
In Kind Donations – Space	\$ 74,333.00	11%
Interest and dividends	\$ 3,650.00	<1%
Total	\$ 678,960.00	

Applicant Ex. No. 1.

10. Applicant's expenses for the same periods were as follows:

Expense	Amount	% of TOTAL
Salaries & Stipends	\$ 122,310.00	18%
Marketing	\$ 26,424.00	4%
Administrative Fees	\$ 24,000.00	4%
Professional Fees	\$ 45,089.00	7%
Program Expenses	\$ 2,647.00	<1%
Supplies	\$ 9,832.00	1%
Travel and Meals	\$ 41,325.00	6%

1. The figures shown on the charts are derived from the financial statements admitted as Applicant Ex. No. 1. These statements present applicant's financial structure on the basis of fiscal, rather than calendar, years. The Property Tax Code, however, defines the term "year" as meaning "calendar year" (35 ILCS 200/1-155). Because applicant's fiscal year (August 1 through July 31) does not conform to a "calendar year" (January 1 through December 31), it is necessary to present applicant's fiscal structure on the basis of combined figures for its 1997 and 1998 fiscal years. Thus, for example, \$ 316,875.00 in contribution revenue is equal to the sum of \$112,350.00 (1997 Contribution Revenue) + \$204,525.00 (1998 Contribution revenue).

2. All percentages shown herein are approximations derived by dividing the amounts shown in the relevant category by the total revenues shown on the last line of the second column. Thus, $\$316,875.00 / \$678,960.00 = .4667$ (rounded four places past the decimal) or 47%.

3. For a complete list of donors and contributors, *see*, Applicant Ex. No. 9.

Expense (Cont'd.)	Amount	% of TOTAL
Rent Expense ⁴	\$ 74,333.00	11%
Utilities	\$ 26,326.00	4%
Archebar (Cafeteria)	\$ 779.00	<1%
Project Supplies & Expenses	\$ 53,759.00	8%
Maintenance & Repairs	\$ 17,545.00	3%
Moving Expenses	\$ 6,271.00	1%
Insurance	\$ 14,959.00	2%
Payroll Taxes	\$ 35,603.00	5%
Printing and Reproduction	\$ 25,049.00	4%
Postage and Delivery	\$ 19,607.00	3%
Security	\$ 1,542.00	<1%
Equipment Rental	\$ 6,434.00	1%
Depreciation	\$ 47,009.00	7%
Miscellaneous	\$ 9,925.00	1%
Fundraising Expense	\$ 35,981.00	5%
Interest Expense	\$ 20,664.00	3%
TOTAL	\$ 667,413.00	

Id.

C. Applicant's Organizational Structure and Use of the Subject Property

11. Applicant was established in response to what its founders perceived to be an excessive emphasis on design and theory in the curricula of university-based schools of architecture. Its founders sought to remedy these perceived inadequacies by creating a one year program that employs the case-study method to demonstrate and reinforce practical applications of the interrelationships between various design disciplines. Applicant Ex. No. 11; Tr. pp. 13, 36.

12. Applicant's program is not accredited by the State of Illinois because its founders wished to ensure that the program would be "free of traditional academic regimen." It is, however, accredited by the American Institute of Architects and the International Interior Design Association and does confer

4. This expense is attributable to space that applicant rented before it bought the subject property. The building which houses this space is not at issue herein. Tr. pp. 18-20.

post professional diplomas in alternative design on those who successfully complete its program. Applicant Ex. Nos. 11, 18, 21; Tr. pp. 10-11, 27-28.

13. Some of those who enroll in applicant's program already have undergraduate degrees in architecture or interior design. Others are enrolled in university-based programs in those disciplines. Tr. pp. 11, 27.

14. The Illinois Architecture Practice Act of 1989, 225 **ILCS** 305/1 *et seq.*, and the Administrative Rules promulgated thereunder, 68 Ill. Admin. Code, § 1150 *et seq.*, impose certain education and professional training requirements on those seeking to become licensed architects in the State of Illinois. These requirements include, *inter alia*,⁵ completion of the Intern Development Program, or IDP, specified by the National Council of Architectural Registration Boards. Administrative Notice of 68 Ill. Admin. Code, § 1150(B).

15. Applicant's program satisfies time requirements toward completion of the IDP. Applicant Ex. No. 11; Tr. pp. 12-13, 27.

16. The Interior Design Profession Title Act, 225 **ILCS** 310/1 *et seq.*, and the Administrative Rules promulgated thereunder, 68 Ill. Admin. Code, § 1255, *et seq.*, impose certain education, professional experience and certification requirements on those seeking to become registered interior designers in the State of Illinois. These requirements include, *inter alia*,⁶ certification that the person applying has successfully completed the prerequisites for licensure

5. For an exhaustive recitation of the education requirements, *see*, 225 **ILCS** 305/13 and 68 Ill. Admin. Code, § 1150.

6. For an exhaustive recitation of the certification requirements, *see*, 225 **ILCS** 310/8 and 68 Ill. Admin. Code, § 1255.55.

imposed by the National Council for Interior Design Qualifications (hereinafter the “NCIDQ”). Administrative Notice of 68 Ill. Admin. Code, § 1150(B).

17. NCIDQ requires all prospective licensees to complete an internship. Applicant’s program satisfies time requirements toward completion of that internship. Applicant Ex. No. 11.

18. Those enrolled in university-based programs can apply the credits they earn in applicant’s program toward their degree work, but only if the universities they are attending agree to accept the credits they earn. Applicant Ex. No. 11.

19. Total enrollment in applicant’s program is typically restricted to a group of less than 25 persons. Its graduating classes are also very small, with the one for 1997 consisting of 9 persons. Applicant Ex. No. 11.

20. All persons applying for admission to applicant’s program must submit a written application form, along with a portfolio and payment of an application fee. The amount of this fee, and all other charges applicant imposed during the 1997 assessment year, were as follows:

FEE/CHARGE⁷	AMOUNT
Application fee, charged to all those who apply for admission to applicant’s program	1 time, \$30.00 fee
“Mandatory” Fee for the Use of Applicant’s Shop	\$120.00 per academic year, ⁸ or \$60.00 for each of two semesters

7. The record is silent as to whether applicant ever waived or reduced any of these particular fees or charges in cases of financial need. Administrative Notice.

8. Applicant’s academic year consists of two four-month semesters, one that runs from unspecified dates in September through December; the other that runs from unspecified dates in January through April. Applicant Ex. No. 11.

Late Tuition Payment Charge	\$100.00 per semester
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Id.

21. Applicant also imposed tuition charges, which amounted to \$5,000.00 per year, or \$2,500.00 per semester, in 1997. A brochure indicates that applicant made a “limited amount of financial aid” available to “qualifying students.”

However, this brochure also indicates that:

Bills for tuition are payable by September 1 for the Fall Semester and January 1 for the Spring Semester. A late charge of \$100.00 per term will be made if any part of the term bill is not paid when due.

No intern may register for a term unless all bills for any prior term are paid in full. No diploma will be conferred and no transcripts furnished until all bills due to Archeworks are paid in full.

Id.

22. Those admitted to applicant’s program are placed into teams of four to six students. Every team employs the case-study method to research and develop a community service project that stresses practical applications of the design process. *Id.* Tr. pp. 10, 13, 36-38; 45-47, 73-74.

23. Each case-study is implemented under the leadership of one or more staff facilitators along with external advisors and consultants that are brought in to share their expertise in the field under study. Applicant Ex. No. 11; Tr. pp. 73-74.

24. Applicant generates the projects in collaboration with, but without charge to, various community service groups or other local institutions.⁹ It funds these projects through grants from various not-for-profit organizations, such as the Driehaus Foundation.¹⁰ Applicant Ex. Nos. 9, 10; Tr. pp. 28-30, 38-40, 61-62.
25. Applicant did not lease any portion of the subject property after it acquired ownership thereof on March 21, 1997. All of its post-ownership uses centered around either preparing the subject property for uses connected with its program or actually implementing various components thereof. Applicant Ex. No. 5, 7; Tr. pp. 13, 15, 18, 22, 26.

CONCLUSIONS OF LAW:

An examination of the record establishes that this applicant has not demonstrated by the presentation of testimony or through exhibits or argument, evidence sufficient to warrant an exemption from property taxes for the 1997 assessment year. Accordingly, under the reasoning given below, the determination by the Department that the above-captioned parcel does not qualify for exemption under 35 ILCS 200/15-35 and 35 ILCS 200/15-65 should be affirmed. In support thereof, I make the following conclusions:

A. Constitutional and Statutory Considerations

Article IX, Section 6 of the Illinois Constitution of 1970 provides as follows:

The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for

9. For a complete listing of applicant's collaborators, which have included the Rehabilitation Institute of Chicago, the West Humboldt Park Development Corporation and the Chicago Board of Education, *see*, Applicant Ex. No. 10. For details about the projects undertaken with these and other collaborators during the 1997 assessment year, *See*, Applicant Ex. Nos. 14, 15, 16, 17, 19, 20, 22, 23 and 24; Tr. pp. 40-45; 47-51, 53-61, 64-71 and 74-87.

10. For a complete listing of applicant's contributors, *see*, Applicant Ex. No. 9.

agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes.

The power of the General Assembly granted by the Illinois Constitution operates as a limit on the power of the General Assembly to exempt property from taxation. The General Assembly may not broaden or enlarge the tax exemptions permitted by the Constitution or grant exemptions other than those authorized by the Constitution. Board of Certified Safety Professionals, Inc. v. Johnson, 112 Ill.2d 542 (1986). Furthermore, Article IX, Section 6 is not a self-executing provision. Rather, it merely grants authority to the General Assembly to confer tax exemptions within the limitations imposed by the Constitution. Locust Grove Cemetery Association of Philo v. Rose, 16 Ill.2d 132 (1959). Moreover, the General Assembly is not constitutionally required to exempt any property from taxation and may place restrictions or limitations on those exemptions it chooses to grant. Village of Oak Park v. Rosewell, 115 Ill. App.3d 497 (1st Dist. 1983).

In furtherance of its Constitutional mandate, the General Assembly enacted the Property Tax Code, 35 **ILCS** 200/1-3 *et seq.* The provisions of that statute which govern disposition of the present matter are contained in Sections 200/15-65 and 200/15-35. In relevant part, the former provides as follows:

... All property of the following is exempt when actually and exclusively used for charitable or beneficent purposes, and not leased or otherwise used with a view to profit:

(a) institutions of public charity[.]

35 **ILCS** 200/15-65.

Section 200/15-35 provides, in relevant part, for the exemption of:

... All property donated by the United States for school purposes, and all property of schools, not sold or leased or otherwise used with a view to profit, is exempt, whether owned by a resident or non-resident of this State or by a corporation incorporated in any State of the United States. Also exempt is:

(b) property of schools on which the schools are located and any other property of schools used by the schools exclusively for school purposes, including, but not limited to, student residence halls, dormitories and other housing facilities, and school owned and operated dormitory or residence halls occupied in whole or in part by students who belong to fraternities, sororities or other campus organizations.

(c) property donated, granted, received or used for public school, college, theological seminary, university, or other educational purposes, whether held in trust or absolutely.

35 ILCS 200/15-35.

B. The Burden of Proof

It is well established in Illinois that a statute exempting property or an entity from taxation must be strictly construed against exemption, with all facts construed and debatable questions resolved in favor of taxation. People Ex Rel. Nordland v. Home for the Aged, 40 Ill.2d 91 (1968); Gas Research Institute v. Department of Revenue, 154 Ill. App.3d 430 (1st Dist. 1987). Based on these rules of construction, Illinois courts have placed the burden of proof on the party seeking exemption, and, have required such party to prove, by clear and convincing evidence, that it falls within the appropriate statutory exemption. Immanuel Evangelical Lutheran Church of Springfield v. Department of Revenue, 267 Ill. App.3d 678 (4th Dist. 1994).

C. The Charitable Exemption

A party seeking exemption under Section 200/15-65 must prove that: (1) the property in question is owned by an "institution of public charity[;]" and, (2) said property is "exclusively used" for purposes that qualify as "charitable" within the meaning of Illinois law. Methodist Old People's Home v. Korzen, 39 Ill.2d 149, 156 (1968) (hereinafter "Korzen"). In order to determine whether applicant has sustained its burden of proof with respect to these propositions, one must consider the following definition of "charity[;]" originally articulated in Crerar v. Williams, 145 Ill. 625, 643 (1893):

... a charity is a gift to be applied consistently with existing laws, for the benefit of an indefinite number of persons, persuading them to an educational or religious conviction, for their general welfare - or in some way reducing the burdens of government.

One must also consider the following "distinctive characteristics" common to all "institutions of public charity":

- 1) they have no capital stock or shareholders;
- 2) they earn no profits or dividends, but rather, derive their funds mainly from public and private charity and hold such funds in trust for the objects and purposes expressed in their charters;
- 3) they dispense charity to all who need and apply for it;
- 4) they do not provide gain or profit in a private sense to any person connected with it; and,
- 5) they do not appear to place obstacles of any character in the way of those who need and would avail themselves of the charitable benefits it dispenses.

Korzen, *supra* at 157.

Here, applicant's contention that it qualifies for exempt status is based on the various community service projects that are facilitated through its program. These projects have included, *inter alia*: (1) developing the prototype for a headpointer that allows victims of cerebral palsy to communicate by typing at a typewriter; (2) creating the prototype for a pill dispenser that enables AIDS victims to take their medications in the correct sequence; (3) designing an Internet Web Site tool that provides information and resources about education-related issues to community members, teachers, parents and students attending Brian Piccolo School; (4) creating the designs for labels used to market products for the Women's Self Employment project, an organization that helps women from disadvantaged backgrounds start their own businesses; (5) collaborating in a community effort to encourage redevelopment in the West Humboldt Park neighborhood; and, (6) designing furniture that is suitable for use in a housing complex for disabled persons.¹¹

11. For further details about these projects, *see*, Applicant Ex. Nos. 14, 15, 16, 17, 19, 20, 22, 23 and 24; Tr. pp. 40-45; 47-51, 53-61, 64-71 and 74-87.

These projects are laudable. However, the first step in determining whether an organization is charitable is to consider the provisions of its organizational documents. Morton Temple Association v. Department of Revenue, 158 Ill. App. 3d 794, 796 (3rd Dist. 1987). Applicant's Articles and by-laws are completely devoid of any provision that authorizes it to waive or reduce its application and use fees in cases of financial need. The absence of such provisions strongly suggests that applicant does not “dispense charity to all who need and apply for it” by making accommodations for persons who are unable to pay these fees. *Accord*, Small v. Pangle, 60 Ill.2d 510, 518 (1975).

Applicant also imposes a late payment charge on those who fail to pay tuition in a timely manner. Such a charge is, in effect, a penalty for non-payment that “lacks the warmth and spontaneity indicative of charitable impulse.” Korzen, *supra* at 158. By imposing that charge, and failing to make any provision for the waiver or reduction thereof in its organizational documents, applicant has created doubts as to whether it qualifies as an “institution of public charity.”

Applicant exacerbated these doubts through its policy of not allowing students to register for a term unless their bills for previous terms are paid in full. (*See*, Applicant Ex. No. 11, p. 29). Such a policy is once again a penalty for non-payment that is markedly inconsistent with dispensation of charity. Therefore, I conclude that enrollment in applicant’s program is not open “to an indefinite number of persons.” Rather, it is, in reality, limited to that select class of persons who can afford to pay whatever charges and fees it assesses.

The testimony of applicant’s co-founder and director, Stanley Tigerman, does not alter any of the above conclusions. Mr. Tigerman testified that applicant awards scholarships to over 75% of its students. (Tr. pp. 26.). This, however, appears to be inconsistent with the written statement, contained in applicant’s catalogue, that “a *limited* amount of financial aid is available for qualifying interns.” (emphasis added) (*See*, Applicant Ex. No. 11, p. 21).

Mr. Tigerman further stated that “no one ... is turned down for Archeworks because of an inability to pay the tuition.” (*Id.*). This statement directly contradicts information in the catalogue, which states that applicant *does* refuse to admit those who do not pay their tuition bills in a timely manner. (*Id.*). Furthermore, the record is completely devoid of any statement proving that no one is turned down for Archeworks because of inability to pay the other fees and penalty charges that applicant imposes. Indeed, the above-cited statements and policies, which appear on page 29 of applicant’s catalogue, (Applicant Ex. No. 11), mandate the opposite conclusion.

Based on the foregoing, I conclude that applicant does not qualify as an “institution of public charity” within the meaning of Section 15-65 of the Property Tax Code. Hence, it stands to reason that its uses of the subject property, all of which further applicant’s non-exempt operations, likewise fail to qualify as “exclusively charitable.” Therefore, that portion of the Department’s determination which found that the subject property was not in exempt ownership and not in exempt use, as required by Section 15-65, during the 1997 tax year should be affirmed.

D. The School Exemption

A party seeking exemption under Section 15-35 of the Code must provide a course of study that: (1) fits into the general scheme of education founded by the State and supported by public taxation; and, (2) substantially lessens what would otherwise be a governmental function and obligation. Chicago & Northeast Illinois District Council of Carpenters v. Illinois Department of Revenue, 293 Ill. App.3d 600 (1st Dist. 1997), *leave to appeal denied*, April 1, 1998 (hereinafter “Carpenters”); Coyne Electrical School v. Paschen, 12 Ill.2d 387 (1957) (hereinafter “Coyne”); Board of Certified Safety Professionals of the Americas v. Johnson, 112 Ill. 2d 542 (1986); Winona School of Professional Photography v. Department of Revenue, 211 Ill. App.3d 565 (1st Dist. 1991) (hereinafter “Winona”).

Factors to be considered in ascertaining whether applicant satisfies these criteria include, *inter alia*, whether applicant: (1) offers a course of study: (a) in traditional subjects such as math, rhetoric, language, science or history that the state would otherwise be obligated to offer in tax supported public schools, or, (b) that is primarily vocational or recreational in nature (Coyne, *supra* at 392; Carpenters, *supra* at 608, 611; Winona, *supra* at 570); (2) provides conventional classroom instruction at the property in question (Carpenters, *supra* at 610); (3) awards degrees or confers diplomas *Id*; and, (4) has obtained or maintains State accreditation for its program. Illinois College of Optometry v. Lorenz, 21 Ill. 219, 221 (1961), (hereinafter "ICO").

Here, applicant's management made a business decision not to have its program accredited by the State of Illinois. This decision provided applicant with the desired benefit of maximizing the amount of autonomy which it exercises over determinations concerning the overall structure of its program. The price of such autonomy is, however, the conclusion that applicant's course of study cannot be equated with those commonly offered at State-supported schools or colleges.

Nor is the fact that applicant is accredited by institutions other than the State of Illinois dispositive herein. These entities authorize applicant to provide qualifying students with time credits toward completing their State-mandated internships in architecture and interior design. However, the one year duration¹² of applicant's program does not enable those enrolled therein to *complete* those internship requirements. Rather, it only allows them to earn a some of the time credits that they will need to complete their respective internship requirements. Thus, applicant's program cannot be equated to other State-supported programs which enable interns to compete such requirements in their entirety.

12. It is briefly noted that the one year duration of this applicant's program is far shorter than the four year program held non-exempt in Carpenters. See, Carpenters, *supra* at 611-612.

Furthermore, the fact that applicant chose not to have its program accredited by the State of Illinois so that it could be “free of traditional academic regimen” (*See*, Applicant Ex. No. 11, p. 21), strongly insinuates that applicant offers little or no conventional classroom instruction. Applicant’s program director, Eva Maddox, provided a general overview of applicant’s course of study during her testimony (*See*, Tr. pp. 45-47).

Ms. Maddox’s overview fails to disclose that applicant’s program includes any instruction whatsoever in traditional academic subjects, such as mathematics or language arts. *See*, Carpenters, *supra* at 611. Rather, it indicates that applicant’s coursework is entirely geared toward improving certain technical skills, such as project design and production of prototypes. (Tr. pp. 46-47). In this sense, the emphasis and purpose of applicant’s coursework is no different than that of a vocational program which seeks to improve the skill levels of tradesmen enrolled therein. Carpenters, *supra* at 611-612.

Applicant’s use of the case-study method may enable it to stress practical applications of the design process. However, I fail to see how or why there would be any significant substantive differences in the means employed to emphasize practical applications of skill in applicant’s program and those utilized to accomplish the exact same end in an on-the-job training program, such as the one held non-exempt in Carpenters.

One might attempt to distinguish Carpenters on grounds that the applicant therein did not confer diplomas. However, the mere fact that this applicant awards diplomas is severely minimized by its business decision not to obtain State accreditation. Absent that accreditation, such diplomas only signify to applicant’s own select group of attendees, successful completion of a program that, unlike the one held exempt in ICO, does not *ipso facto* render the graduate qualified to take the appropriate State-mandated licensure examinations. *See*, ICO, *supra* at 223. Thus, the fact that applicant awards diplomas is of no legal significance herein.

Based on the foregoing, I conclude that applicant's program does not qualify for exemption under Section 15-35 of the Property Tax Code. Therefore, those portions of the Department's determination which found that the subject property does not satisfy the ownership and use requirements set forth therein should be affirmed.

WHEREFORE, for the reasons stated above, it is my recommendation that real estate identified by Cook County Parcel Index Number 17-09-500-023 not be exempt from 1997 real estate taxes.

Alan I. Marcus
Administrative Law Judge

July 20, 2000
Date